

A FINELY TUNED INSTRUMENT



2018 ANNUAL REPORT : WASHINGTON STATE TRANSIT INSURANCE POOL

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A FINELY TUNED INSTRUMENT

A MESSAGE FROM 2018 PRESIDENT OF THE BOARD PAUL SHINNERS

No matter how well played, even the most extraordinary musical instrument needs a little fine tuning from time to time so the music that streams from it continues to resonate with clarity and warmth. This is especially critical when the instrument is faithfully handed down from one musician to another. The same is true for organizations such as ours.

In 2018, the Washington State Transit Insurance Pool transitioned fully from the leadership of our founding Executive Director, Al Hatten, to our new Executive Director, Tracey Christianson. After 25 years of outstanding service to WSTIP, Al retired in 2018; and the WSTIP Board selected Tracey Christianson (who was serving as Deputy Director at the time) to assume leadership of the organization. We are grateful Al stayed on through March of 2018 to support the transition and to Tracey as she took on her new role, January 1.

Tracey is certainly no stranger to our Pool. She joined WSTIP in 2001 to serve as our Member Services Manager. She was promoted to Deputy Director in 2016 where she served until accepting the role of Executive Director. The leadership Tracey brings to the Pool is rich in experience and wisdom gained through years of serving not

just WSTIP, but also a similar public-entity organization prior to her arrival at WSTIP.

This transition afforded Board members and staff the opportunity to take a fresh look at our policies, procedures, strategies, tools and products in order to identify any shifts or adjustments that might be useful moving forward. Though some might see these changes and adjustments as “housekeeping,” they will have a profound effect on how we operate for years to come. The Board reviewed, updated and refined 11 key policies, in addition to combining and repealing other policies.

We also exceeded several key strategic goals created to help develop our Board members and expand the vision for how best to serve our member transit agencies. These included:

- Improve Board member engagement as measured by at least 88% participation in Board activities such as meetings, workshops and member-representative meetings. 93% of our members attended our quarterly meetings in 2018.
- Improve Board member engagement as measured by at least 60% of members participating in out-of-state travel or joint programs with other stakeholders (e.g., Washington State Transit

Association, Washington State Department of Transportation). 64% of our Board members participated in these activities.

- Improve Board member knowledge and education as measured by at least 75% of our members completing our Behind the Curtain program. 76% of the Board members completed the quiz that accompanies the program.

Speaking of the Behind the Curtain program, this initiative has blossomed into a vibrant and effective Board-member orientation program. For many years, our orientation efforts, while thorough, often left Board members feeling a bit overwhelmed. Let's face it, the topic of insurance, even on its best day, can be dry and complicated for most individuals. Yet, even new Board members are expected to fully participate in discussions and decisions which affect the future of WSTIP and every one of its member transit agencies.

Several years ago, we launched a new program to dissipate some of the trepidation and overwhelming feeling new Board members experience when they find themselves tagged by their transit agency to serve on the WSTIP Board. New members receive structured emails twice weekly to introduce them bit by bit to various organizational topics and aspects of their new responsibilities. Each email builds on the previous one, informing without inundating new members so that they can slip into their new role smoothly and confidently. Last year we added on to that program by creating two highly informative and, frankly, reassuring videos for

new members: one provides an overview of WSTIP and Board member responsibilities, and the other provides gentle guidance and deep insights into what the Board member experience is all about. Additionally, our more experienced Board members serve as assigned mentors for new members so that no one feels like an outsider.

We feel our Behind the Curtain program is unique in its focus on drawing Board members into the fold so that we all benefit from their ideas, insights and knowledge as soon as possible. We consider our Board member camaraderie to be the treasure upon which our success as an organization is founded, and we are proud of our

Behind the Curtain program's ability to build on that success. I might add the orientation program was the brainchild of then Member Services Manager, Tracey Christianson. The video add-ins though, we credit to Joanne Kerrigan, Tracey's successor as the Member Services Manager.

It has been an honor to serve as the 2018 Board of Directors President, and I thank the Board members and each member of the WSTIP staff for all their contributions toward making WSTIP the outstanding organization that it is today.

93%
OF OUR
MEMBERS
ATTENDED OUR
QUARTERLY
MEETINGS IN
2018.



2018

BOARD OF DIRECTORS

Asotin County PTBA

Jenny George, General Manager
Alt: Greg Gill, Operations Manager

Ben Franklin Transit

Kevin Hebdon/Matthew Branson, Interim
Director of Administrative Services
Alt: Jim Thaelke, Safety and Security Manager

Clallam Transit

Kevin Gallacci, General Manager
Alt: Donyele Mason, Finance Manager

Columbia County Public Transportation

Dwight Robanske, General Manager
Alt: Steve Mertens, Finance Manager

Community Transit

Geri Beardsley, Director of Administration
Alt: Emmett Heath, Chief Executive Officer
Alt: Mike Burress, Risk Manager

C-Tran

Diane O'Regan, Chief Financial Officer
Alt: Jim Quintana, Chief of Safety and Security
Alt: Laura Merry, Deputy Director of Human Resources

Everett Transit

Tom Hingson, Transportation and Transit Services
Director
Alt: Paul Gonzales, Safety/Security Coordinator
Alt: Chris Muth-Schulz, Risk Manager

Grant Transit

Brandy Heston, Administrative Services Manager
Alt: Jim Ackley, Financial Resources Manager

Grays Harbor Transit

Ken Mehin, General Manager
Alt: Patti Carlin, Operations Manager
Alt: Jean Braaten, Finance Manager

Intercity Transit

Heather Stafford-Smith, Director of
Administrative Services
Alt: Suzanne Coit, Finance Manager
Alt: Emily Berkamp, Operations Director

Island Transit

Staci Jordan, Program Coordinator
Alt: Mike Nortier/Todd Morrow, Executive
Director

Jefferson Transit

Sara Crouch, Finance Manager
Alt: Tammi Rubert, General Manager

Kitsap Transit

Paul Shinnars, Finance Director
Alt: Brian Rojo, Accounting Supervisor

Link Transit

Nick Covey, Finance Manager
Alt: Lynn Bourton, Administrative Services
Manager

Mason Transit

Danette Brannin, General Manager
Alt: LeeAnn McNulty, Finance Manager

Pacific Transit

Richard Evans, Director
Alt: Audrey Olson, Operations/HR Supervisor

Pierce Transit

Vivienne Kamphaus/Amy Cleveland, Executive
Director of Administration
Alt: Rob Huyck, Risk Manager

Alt: Brett Freshwaters, Executive Director of
Finance

Alt: Kristine Dupille, Employee Services
Manager

Pullman Transit

Leann Hubbard, Finance Director
Alt: Wayne Thompson, Transit Manager

River Cities Transit

Amy Asher, Transit Manager
Alt: Jeff Cameron, Public Works Director

Skagit Transit

Dale O'Brien, Executive Director
Alt: Joe Macdonald, Safety Supervisor/
Motoko Pleasant, Manager of Finance and
Administration

Spokane Transit

Lynda Warren, Director of Finance &
Information Services
Alt: Nancy Williams, Director of Human
Resources and Labor Relations
Alt: Mike Toole, Manager Safety and Security

Twin Transit

Derrick Wojcik-Damers, General Manager
Alt: Aaron Rollins, Operations Manager

Valley Transit

Jesse Kinney, Finance and Administration
Manager
Alt: Ed McCaw, Deputy General Manager/
Briana Malmquist, Human Resources
Manager
Alt: Lowell Nee, Operations Supervisor

Whatcom Transportation Authority

Pete Stark, General Manager
Alt: Shonda Shipman, Director of Finance

Yakima Transit

Agustin Ortega, Operations Specialist
Alt: Scott Schafer, Public Works Director

A YEAR IN REVIEW

A MESSAGE FROM EXECUTIVE DIRECTOR TRACEY CHRISTIANSON

Imagine you are handed a precious violin to play. This isn't just any violin. It's one built of inspiration, courage and innovation. Now, imagine this violin has been played for nearly 30 years by just one musician—a musician who is renowned nationwide for his expertise, skill and understanding of the music he has coaxed from that violin. This is just the type of situation I found myself in at the beginning of 2018, when WSTIP's founding Executive Director Al Hatten retired and the WSTIP Board asked me to take his place.

Even though I was shocked and humbled, I knew there were things that I wanted to accomplish right away. After all, no musician would play an instrument for the first time without fine tuning it first, no matter how beautifully it played in the past. Similarly, one of my first responsibilities as the new WSTIP Executive Director was to revisit, refresh and refine the organization's policies, procedures, processes and products.

We dug in and started on the WSTIP coverage documents. Working closely with a Coverage Review Committee, we started the review of the Public Officials Liability document. The Committee's goal was to get clear on exactly what our coverage included and did not include, and we refined the language describing that coverage so that it can

be more easily understood. We didn't get done in time to implement for 2019; however, we envision the new document will be in place for 2020. This Committee will continue its work until all the documents have been reviewed.

The staff also spent considerable time in reviewing all the governance policies. The Governance Policy Committee's goal was to consolidate policies whenever possible. We were aided in this endeavor by our new general counsel, Rick Hughes.

One of the keys to WSTIP's success over the years was the dedicated efforts Al put in to cultivating relationships with insurance providers. While we consider WSTIP to be strong and mighty, we are also smaller than most organizations covered by major insurance providers. That is why it is important that we remain in the mind of whom we rely on outside of WSTIP. As the incoming Executive Director, I set out to build a sense of continuity in the close relationships Al worked so hard to develop. Specifically, I met with underwriters we work with at Government Entities Mutual, Munich Reinsurance America, and Lloyd's of London. I also met with potential future partners from Safety National, Chubb and others to tell our WSTIP story afresh, to renew acquaintances and build new relationships.

On the technology side of our business, we eliminated all our servers from the Washington State Data Center and migrated our entire network infrastructure to the Azure cloud. We also launched a records audit and started to move our archival files to the new Laserfiche EMC®. This system, once fully implemented, will enable us to better organize our documents for easier access, and it will automate our document retention and destruction schedules.

In the area of claims management, we hired a new claims associate, Joel Lambert, and we conducted a request for proposals to build our rosters for defense, adjusting, and employee investigations. This led to a roster of 20 law firms and two new adjusting firms, which offers us greater access to specialized expertise and practices. With added efficiencies and expertise, we decreased our inventory of open claims by 37 percent in 2018. We settled 440 claims, denied 172 claims and collected over \$1.73 million in subrogation recoveries.

One of WSTIP's top service priorities lies in reducing risk exposure. One way we do that is with our training programs. Besides our usual cadre of programs, we created and implemented two new training programs for road supervisors: Road Supervisor 101 and Accident Review trainings. Our goal is to make sure we are properly supporting these key personnel as they fulfill these critical roles.

Another key area of risk-reduction efforts lies in research. We currently manage five research partners in partnership with Pierce Transit for a new collision avoidance technology research study. This program is looking at the viability and application of collision avoidance technology and automatic braking systems for transit

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37%
IN 2018.

coaches. This is an exciting project and we are pleased to be involved as well as being a financial contributor.

Our newest risk-reduction initiative is our Partnering in Prevention presentation program. This idea came from our 2018 Executive Committee retreat attendees. The Executive Committee wanted all members to have a real opportunity to understand their auto liability loss areas and consider technology options to reduce those risks. We teamed up with one of our reinsurance carriers, Munich RE, to use their data analytics tools for member's loss data. We also created a Safety Catalog filled with ideas for member transit agencies to consider trying. And lastly, since funding is often a consideration, WSTIP developed a new grant program

to pursue loss-prevention innovations particularly in the area of new technology. The staff is now scheduling presentations with members to go through the results of the data analytics, presenting different technology opportunities, and providing an overview of the technology grant.

This was a big year for WSTIP, filled with transitions, challenges and innovations. On behalf of the WSTIP staff, I extend our gratitude for the extraordinary leadership Al provided over the years as our Executive Director. I am personally grateful to him and to our Board for all the support provided as I stepped into this new role in 2018. I am humbled by your belief in me.

Lastly, a huge thank you to the WSTIP staff. Your commitment to our members shows in everything you do. You are all amazing, highly capable and just plain fun people. We will continue to do great things together.

STAFF MEMBERS

Tracey Christianson, Executive Director

Responsible for oversight of all operations, purchasing, placement of insurance, and Board relations.

Joanne Kerrigan, Member Services Manager

Responsible for member communications, loss prevention programs and training, manages best practice compliance and updates and the driver record monitoring program.

Cedric Adams, Claims Manager

Coordinates the management of claims and lawsuits incurred by WSTIP members. Supervises the claims staff and manages independent adjusters, litigation managers, and attorneys assigned to WSTIP files.

Andrea Powell, Administrative Services Manager

Responsible for finance, facilities and technical services. Manages administrative services in regard to budget, purchasing, and vendor contracting. Also serves as WSTIP's Public Records Officer and WSTIP's Audit Liaison to the state auditor.

Richard L. Hughes, General Counsel

Provides legal advice to the Pool on a wide range of questions and issues.

Anna Broadhead, Board Relations

Serves as the Clerk of the Board, provides overall administrative support to staff, and accomplishes special projects for members and staff.

Marisa Espinoza, Finance Specialist

Responsible for payroll, accounts receivable, accounts payable, prepares financial documents, helps coordinate the annual budget, underwriting, and provides administrative support to Administrative Services Manager.

Laura Juell, Risk and Training Coordinator

Provides administrative support for Transit Risk Consultant and Serious Loss Analysis Team. Coordinates registration, set up, and facilitation of WSTIP training activities and provides backup to Finance Specialist.

Christian DeVoll, Transit Risk Consultant

Conducts loss prevention reviews by meeting with members, reviewing operations, and making recommendations for compliance with Best Practices and state and federal regulations.

Brenda Barnett, Administrative Assistant

Coordinates facilities maintenance and Wellness Committee events; provides administrative support services for WSTIP training activities, the claims department and assists the Public Records Officer. Performs general support for all staff.

Karey Thornton, Claims & Administrative Assistant

Performs support functions for the claims department including auditing and monitoring the database and claim files, assists with data-entry of initial claims, managing and maintaining diaries from multiple claims.

Joel Lambert, Claims Associate

Responsible for administering the various auto liability, un/underinsured motorist, medical-pay, and auto physical damage claims, as well as adjusting the same. Recovers damages, on behalf of the members, from other parties incurred during auto accidents (aka subrogation).

Allen F. Hatten, Senior Consultant

Mentor to incoming Executive Director.

SERVICE PROVIDERS

Broker Services **Alliant Insurance Services, Newport Beach, CA**

Actuarial Services **PricewaterhouseCoopers, Seattle, WA**

Accounting Services **StraderHallet, PS, Lacey, WA**

2018 AWARDS



SAFETY STARS AWARD

WSTIP recognizes the long-term dedication and commitment to safety with the annual Safety Stars awards. This award recognizes members that maintain impressive and stable safety records in each WSTIP rating category (large, medium, and small). Winners of this award are consistently good performers in terms of auto liability losses to the organization. Each winner receives a monetary award to utilize for employee recognition. The 2017 winners, as announced in 2018, are:

Community Transit

Grant Transit Authority

Columbia County Public Transportation

ABOVE & BEYOND AWARD

WSTIP recognizes individual employees that go Above & Beyond their expressed job responsibilities during a significant event, demonstrating courage and heroism, or other extraordinary acts deserving recognition, resulting in a saved life or lives, and/or minimizing the impact of a loss to the agency or the public. Award winners each receive \$250.

The following individuals were awarded in 2018:

- David Cabe, Intercity Transit
- Fidel Barajas, Grant Transit
- Jim Caveness, Island Transit
- Willow Bunker, Island Transit
- Lucas Hill, Whatcom Transportation Authority

JEFFREY S. RISTAU CONTINUING EDUCATION SCHOLARSHIP FUND

The WSTIP Board established a scholarship program in 2014 to honor founding and longtime Board member Jeffrey S. Ristau for his years of dedicated service. In 2018, we awarded a combined total of \$11,000 in scholarships to the following individuals:

- Angie Shamburger, Intercity Transit
- Agustin Ortega, Yakima Transit
- Darlene Fritts, Community Transit
- Jo Cravens, Ben Franklin Transit
- Rob Steen, Spokane Transit Authority
- Susan Dickinson, Whatcom Transportation Authority
- Melissa Stewart, Link Transit
- Tiarre Lemau, Skagit Transit
- Brian Johnson, Whatcom Transportation Authority
- Jeff Davidson, Kitsap Transit
- Alex Mehn, Community Transit

These scholarships are available to WSTIP-member employees pursuing education and training that furthers the vision, mission, ethical practices, safety and/or reduction of the cost of risk for public transportation in Washington State.

DRIVER RECOGNITION AWARDS

WSTIP's recognizes drivers for their 20 or more years of consecutive and/or cumulative accident-free years of driving in transit service through the Driver Recognition Program. Vehicle accidents represent the greatest risk to the transit agencies and WSTIP. As such, for every year a driver is accident-free, the savings to the transit agency and to WSTIP are substantial. Therefore, this program is designed to recognize and reward drivers for their accident-free driving history. In 2018, WSTIP awarded \$4,025 recognizing a total of 20 employees from Ben Franklin Transit, Intercity Transit, Jefferson Transit, Spokane Transit and Whatcom Transportation Authority.

IN 2018
WSTIP AWARDED
\$4,025
RECOGNIZING A
TOTAL OF 20 EMPLOYEES.

2018 COVERAGES

Coverages provided by WSTIP are a combination of self-insurance, coverage purchased from a captive insurance pool, and commercial market insurance. The following shows the amount of coverage available to WSTIP members including all layers. Some members purchase umbrella coverage above the limits listed in this table.

WSTIP LIABILITY COVERAGES

Liability Coverage*

Bodily Injury and Property Damage	\$25 million each occurrence (and in the aggregate for products/completed operations hazard)
Personal Injury and Advertising Injury	\$25 million each offense
Vanpool Driver Medical Expense Protection†	\$35,000 each occurrence
Underinsured Motorist Coverage†	\$60,000 each occurrence for bodily injury

Public Officials Liability Coverage††

Deductible	\$25 million per occurrence and aggregate \$5,000
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* no deductible applies

† optional coverage

†† claims made coverage, retroactive to the member's entry date into the program

PROPERTY EXCESS PROGRAM (July 1, 2017 to June 30, 2018)

WSTIP/APIP (Alliant Property Insurance Program)

Per occurrence, all perils, coverages and insureds/members combined, below:	\$500 million subject to sublimits
Flood Zones A & V – annual aggregate (separate deductible)	\$10 million
All Flood Zones except A & V – annual aggregate (separate deductible)	\$50 million
Earthquake, Volcanic Eruption, Landslide, and Mine Subsidence—annual aggregate (separate deductible)	\$25 million
Combined Business Interruption, Rental Income and Tax Interruption – except \$500,000 per member subject to a maximum of \$2,500,00 per occurrence limit if specific values have not been reported	\$100 million
Extra Expense	\$50 million
Miscellaneous Unnamed Locations	\$25 million
Automatic Acquisition for new Locations (report within 120 days) including Boiler and Machinery	\$25 million
Unscheduled Landscaping	\$1 million
Errors and Omissions	\$50 million
Course of Construction and Additions (including new) for Projects with completed values not exceeding the sublimit shown	\$25 million
Money and Securities (named perils only)	\$2.5 million
Unscheduled Fine Arts	\$2.5 million
Pollution Cleanup and Removal, Accidental Contamination per occurrence and annual aggregate	\$250,000
Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)	\$2 million

Ordinance or Law (including losses to undamaged portion, demolition and increased cost of construction) and includes Boiler and Machinery	\$50 million
Property in Transit	\$25 million
Unscheduled Animals; not to exceed \$50,000 per Animal	\$2.5 million
Unscheduled Watercraft (under 27 feet in length unless scheduled)	\$2.5 million
Off-Premises Services Interruption including Extra Expense resulting from a Covered Peril at Non-owned/Operated Locations	\$25 million
Contingent Business Interruption, Contingent Rental Values, and Contingent Extra Expense resulting from a covered peril at a non-power generating facility	\$3 million
Claims Preparation Expenses	\$1 million
Expediting Expenses	\$50 million
Jewelry, Furs, Precious Metals and Precious Stones	\$500,000
Personal Property Outside of the USA and Canada	\$1 million
Per Member/Entity for Terrorism	\$500 million
Information Security & Privacy with Electronic Media Liability (Cyber Liability)	Included
Boiler and Machinery	\$100 million
Member Deductible (per occurrence)	\$5,000
C-TRAN	\$10,000
Pierce & Spokane	\$25,000
For Damage or Loss except for CNG Facilities at Pierce and Valley	\$250,000 SIR per occurrence

For Auto Physical Damage while the insured vehicle is underway except for buses less than 10 years old and valued over \$250,000, then calculated at replacement cost

Fair Market Value or Replacement Cost
 \$20,000,000 per occurrence
 \$1,350,000 any one vehicle
 \$1,350,000 newly acquired vehicles

APD Member Deductible for Damage or Loss (per occurrence)	\$5,000
C-TRAN	\$10,000
Pierce & Spokane	\$25,000
Pool Self-Insured Retention	\$250,000

WSTIP MISCELLANEOUS COVERAGES

Crime Coverage/Public Employee Dishonesty National Union Fire Insurance Company of Pittsburgh

Employee Theft (per loss)	\$1 million per occurrence
Forgery or Alteration	\$1 million per occurrence
Theft Disappearance and Destruction (inside premises)	\$1 million per occurrence
Robbery and Safe Burglary (inside premises)	\$1 million per occurrence
Outside Premises	\$1 million per occurrence
Computer Fraud	\$1 million per occurrence
Funds Transfer Fraud	\$1 million per occurrence
Money Orders and Counterfeit Money	\$1 million per occurrence
Deductible	\$10,000 per occurrence

WSTIP also group purchases a pollution liability policy (carrier: Beazley Eclipse) and, for those members that need it, underground storage tank coverage (carrier: Great American E&S Insurance Company)

COMPARATIVE STATEMENT OF NET POSITION

For the year ending Dec. 31, 2018

	2018*	2017
ASSETS		
CURRENT ASSETS		
Deposits and Investments	\$28,003,393	\$38,859,269
Accounts Receivable	\$6,508	\$151,506
Prepaid Expense	\$660,797	\$508,269
TOTAL CURRENT ASSETS	\$28,670,398	\$39,519,044
NONCURRENT ASSETS		
Capital Assets (Net of Accumulated Depreciation)	\$473,605	\$456,942
Equity in Government Entity Mutual (GEM)	\$1,548,402	\$1,385,780
Thurston County Investment Portfolio	\$14,864,853	\$0
TOTAL NONCURRENT ASSETS	\$16,886,860	\$1,842,722
TOTAL ASSETS	\$45,557,558	\$41,361,766
DEFERRED OUTFLOWS OF RESOURCES		
PENSION RELATED	\$80,361	\$99,992
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$80,361	\$99,992
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$45,637,919	\$41,461,758
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$96,860	\$170,221
Prepaid Income	\$123,055	\$0
Compensated Absences (Current Portion)	\$103,441	\$60,466
Unpaid Claims Liability (Current Portion)	\$7,911,470	\$8,109,849
TOTAL CURRENT LIABILITIES	\$8,234,826	\$8,340,536
NONCURRENT LIABILITIES		
OPEB Liability	\$439,740	\$0
Compensated Absences	\$30,337	\$107,277
Due to Risk Pool Leadership Development Program	\$1,791	\$10,779
Net Pension Liabilities	\$469,599	\$656,773
Unpaid Claims Liability	\$3,825,633	\$1,555,233
Unpaid Claims Liability, IBNR	\$7,591,975	\$7,335,689
Unallocated Loss Adjustment Expense Reserve	\$735,000	\$630,000
TOTAL NONCURRENT LIABILITIES	\$13,094,075	\$10,295,751
TOTAL LIABILITIES	\$21,328,901	\$18,636,287
DEFERRED INFLOWS OF RESOURCES		
PENSION RELATED	\$198,738	\$127,964
TOTAL DEFERRED INFLOWS OF RESOURCES	\$198,738	\$127,964
NET POSITION		
Net Investment in Capital Assets	\$473,605	\$456,942
Unrestricted Building Reserve	\$0	\$17,786
Unrestricted Net Position	\$23,636,675	\$22,222,779
TOTAL NET POSITION	\$24,110,280	\$22,697,507
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	\$45,637,919	\$41,461,758

*At the time of publishing, 2018 financial statements had not been audited.

COMPARATIVE STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

For the year ending Dec. 31, 2018

	2018*	2017
OPERATING REVENUES		
Member Assessments	\$15,116,159	\$14,327,086
Program Revenues	\$530,113	\$643,944
TOTAL OPERATING REVENUES	\$15,646,272	\$14,971,030
OPERATING EXPENSES		
Incurring Loss/Loss Adjustment Expenses		
Claims Paid	\$7,993,630	\$7,793,770
Change in Unpaid Claims Liability	\$712,763	\$1,685,521
Unallocated Loss Adjustment Expense	\$439,891	\$448,776
TOTAL INCURRED LOSS/LOSS ADJUSTMENT EXPENSE	\$9,146,284	\$9,928,067
Insurance Services		
Excess/Reinsurance Premiums	\$2,324,298	\$2,215,091
Brokerage Fee	\$101,200	\$101,200
TOTAL INSURANCE SERVICES	\$2,425,498	\$2,316,291
General and Administrative Expenses	\$2,343,675	\$2,063,061
Member Services Expenses	\$302,678	\$555,215
Depreciation Expense	\$17,632	\$15,923
Program Expenses ¹	\$551,096	\$371,749
TOTAL OPERATING EXPENSES	\$14,786,863	\$15,250,306
OPERATING INCOME (LOSS)	\$859,409	(\$279,276)
NONOPERATING REVENUES (EXPENSES)		
Interest and Dividend Income	\$815,808	\$451,709
Change in Equity in GEM	\$162,622	\$111,946
TOTAL NONOPERATING REVENUES AND EXPENSES	\$978,430	\$563,655
CHANGE IN NET POSITION	\$1,837,839	\$284,379
TOTAL NET POSITION, January 1	\$22,697,507	\$22,413,128
Prior Period Adjustment - GASB No 75	\$(425,066)	\$0
TOTAL NET POSITION, December 31	\$24,110,280	\$22,697,507

[1] Program Expenses includes Driver Record Monitoring (DRM), Collision Avoidance Pilot, and WSTIP training programs.

*At the time of publishing, 2018 financial statements had not been audited.

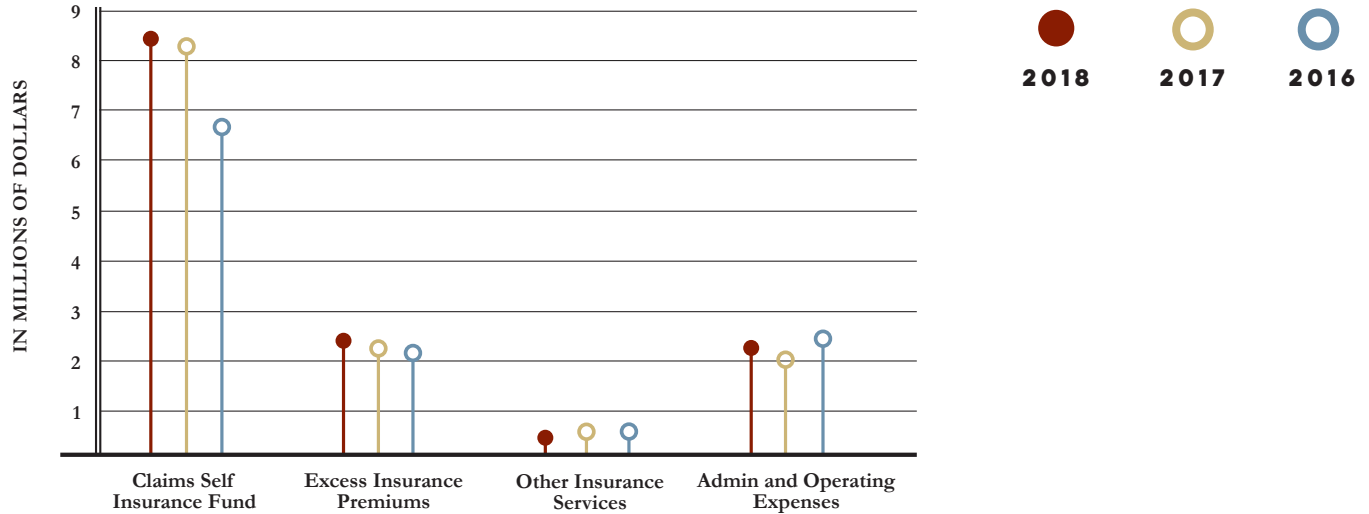
YEAR-END COMPARATIVE STATEMENT

For the year ending Dec. 31, 2018

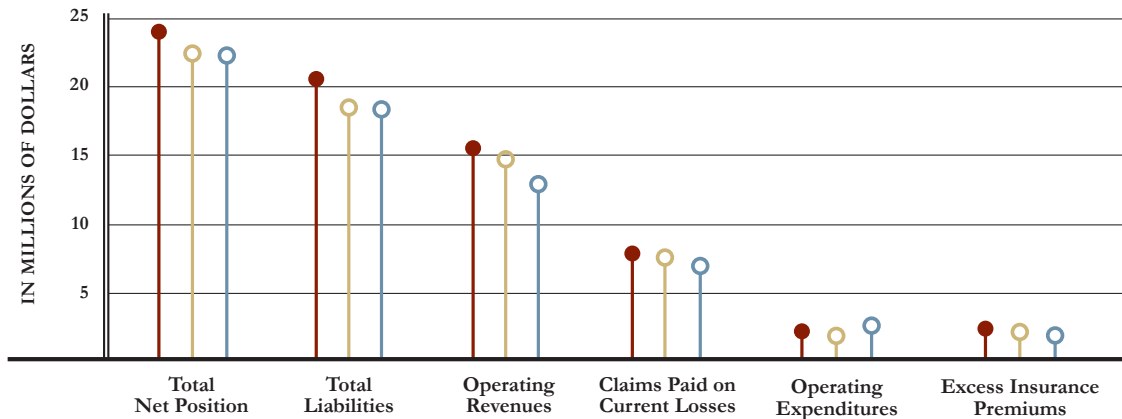
	2018*	2017	2016
ASSETS			
Other Assets	\$45,083,953	\$40,904,824	\$39,921,469
Capital Assets	\$473,605	\$456,942	\$394,186
TOTAL ASSETS	\$45,557,558	\$41,361,766	\$40,315,655
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related	\$80,361	\$99,992	\$158,484
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$80,361	\$99,992	\$158,484
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$45,637,919	\$41,461,758	\$40,474,139
LIABILITIES			
Other Liabilities	\$8,234,826	\$8,340,536	\$16,971,074
Long-Term Liabilities	\$13,094,075	\$10,295,751	\$1,073,798
TOTAL LIABILITIES	\$21,328,901	\$18,636,287	\$18,044,872
DEFERRED INFLOWS OF RESOURCES			
Pension Related	\$198,738	\$127,964	\$16,139
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$198,738	\$127,964	\$16,139
NET POSITION			
Net Investment in Capital Assets	\$473,605	\$456,942	\$394,186
Unrestricted Building Reserve	\$0	\$17,786	\$71,193
Unrestricted Net Position	\$23,636,675	\$22,222,779	\$21,947,749
TOTAL NET POSITION	\$24,110,280	\$22,697,507	\$22,413,128
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	\$45,637,919	\$41,461,758	\$40,474,139
REVENUES			
Member Assessments	\$15,116,159	\$14,327,086	\$12,864,133
Program Revenues	\$530,113	\$643,944	\$246,845
Interest & Dividend Income	\$815,808	\$451,709	\$333,454
Change in Equity in GEM	\$162,622	\$111,946	\$91,756
TOTAL REVENUES	\$16,624,702	\$15,534,685	\$13,536,188
EXPENSES			
Operating Expenses	\$2,343,675	\$2,063,061	\$2,504,064
Claims Paid on Current Losses	\$7,993,630	\$7,793,770	\$6,463,393
Adjustment to Prior Years' Claims Reserves	\$712,763	\$1,685,521	(\$1,014,747)
Unallocated Loss Adjustment Expense	\$439,891	\$448,776	\$402,229
Excess Insurance Premiums	\$2,324,298	\$2,215,091	\$2,107,752
Depreciation Expense	\$17,632	\$15,923	\$15,114
Member Services Expense (includes broker fee)	\$403,878	\$656,415	\$661,842
Program Expenses	\$551,096	\$371,749	N/A
TOTAL EXPENSES	\$14,786,863	\$15,250,306	\$11,139,647
CHANGE IN NET POSITION	\$1,837,839	\$284,379	\$2,396,541
BEGINNING NET POSITION	\$22,697,507	\$22,413,128	\$20,016,587
PRIOR PERIOD ADJUSTMENT GASB NO 75	(\$425,066)		
ENDING NET POSITION	\$24,110,280	\$22,697,507	\$22,413,128

*At the time of publishing, 2018 financial statements had not been audited.

OPERATING EXPENSES (2018 - 2016)



KEY POOL INDICATORS (2018 - 2016)



COMPARATIVE STATEMENT OF CASH FLOWS

For the year ending Dec. 31, 2018

	2018*	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Members	\$15,116,159	\$14,327,086
Cash Payments to Suppliers for Goods and Services	(\$13,526,740)	(\$11,803,188)
Cash Payments to Employees for Services	(\$1,327,167)	(\$1,395,405)
Increase (Decrease) in Claim Reserve	\$2,433,308	(\$1,357,811)
Other Operating Revenues	\$530,113	\$643,944
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$3,225,673	\$414,626
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	\$815,808	\$451,709
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$815,808	\$451,709
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	(\$34,295)	(\$78,678)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	(\$34,295)	(\$78,678)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$4,007,186	\$787,657
CASH AND CASH EQUIVALENTS, JANUARY 1	\$38,859,269	\$38,071,612
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$42,866,455	\$38,859,269

*At the time of publishing, 2018 financial statements had not been audited.

DEPARTMENT OF ENTERPRISE SERVICES SCHEDULE OF EXPENSES

For the year ending Dec. 31, 2018

	2018*	2017
INSURANCE SERVICES		
Claims Self Insurance Fund ¹	\$8,433,521	\$8,242,546
Excess Insurance Premiums	\$2,324,298	\$2,215,091
Change in Unpaid Claims Liability	\$712,763	\$1,685,521
TOTAL INSURANCE SERVICES	\$11,470,582	\$12,143,158
CONTRACTED SERVICES		
Actuary	\$63,800	\$62,350
Administrative Services	\$64,142	\$34,423
Broker Fees	\$101,200	\$101,200
Contracted Services	\$71,571	\$39,307
Legal and Accounting	\$145,223	\$27,366
Loss Control Services	\$302,678	\$520,792
Audits	\$7,930	\$30,220
Technical Services	\$72,683	\$42,600
TOTAL CONTRACTED SERVICES	\$829,227	\$858,258
ADMINISTRATIVE EXPENSES		
Staff Wages, Taxes and Benefits ²	\$1,251,222	\$1,327,167
Staff Conferences and Travel	\$93,841	\$87,936
Board Expenses	\$237,578	\$145,185
Technical Services	\$211,641	\$199,701
Communications	\$16,748	\$17,261
Occupancy Costs	\$52,011	\$31,669
Office Expenses	\$55,285	\$49,980
Program Expenses ³	\$551,096	\$371,749
Depreciation	\$17,632	\$15,923
Miscellaneous	\$0	\$2,321
TOTAL ADMINISTRATIVE EXPENSES	\$2,487,054	\$2,248,892
TOTAL OPERATING EXPENSES	\$14,786,863	\$15,250,306

[1] Includes Claims Paid and ULAE

[2] Includes Staff Wages, Taxes and Benefits and Pension adjustment.

[3] Expenses include Driver Record Monitoring (DRM), Collision Avoidance Pilot and WSTIP training programs.

*At the time of publishing, 2018 financial statements had not been audited.

CLAIMS DEVELOPMENT INFORMATION

For the year ending Dec. 31, 2018

The table below illustrates how the Pool's earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Pool as of the end of each of the last ten years. The table of rows are defined as follows:

1. This line shows the total of each fiscal year's earned contribution revenues and investment revenues.
2. This line shows each fiscal year's other operating costs of the Pool including overhead and claims expenses not allocated to individual claims.
3. This line shows the Pool's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. This section shows the cumulative amounts paid as of the end of successive years for each policy year.
5. This section shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
6. This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

Columns of the table show data for successive policy years.

Fiscal and Policy Year Ended (in Thousands of Dollars)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1. Gross required contribution and investment revenues	9,341	10,785	11,217	10,933	11,439	11,785	12,521	13,198	14,779	15,932
Ceded	1,734	1,651	1,793	1,904	2,166	2,206	1,999	2,150	2,215	2,324
Net earned	7,607	9,134	9,424	9,029	9,273	9,579	10,522	11,048	12,564	13,608
2. Unallocated operating expenses	1,897	2,111	2,272	2,223	2,433	2,500	3,058	3,142	2,735	2,781
3. Estimated Losses & Expenses End of Policy Year										
Incurred	5,041	5,648	5,727	4,994	5,470	7,047	5,764	5,395	8,106	9,068
Ceded**	837	191	4,411	180	202	408	521	547	361	837
Net Incurred	4,204	5,457	1,316	4,814	5,268	6,639	5,243	4,848	7,745	8,231

*At the time of publishing, 2018 financial statements had not been audited.

** At policy year end 2010 our actuary started calculating estimated ceded ultimate loss.

4. Paid (cumulative) as of:										
End of policy year	789	825	1,077	927	1,075	983	1,086	805	1,870	1,115
One year later	3,064	2,398	2,774	1,828	2,172	2,050	2,270	2,056	2,819	
Two years later	3,366	3,581	3,744	2,692	3,141	3,815	4,814	3,231		
Three years later	4,005	4,220	4,910	4,348	3,827	5,730	5,662			
Four years later	4,224	5,876	7,000	4,855	4,951	5,993				
Five years later	4,398	6,056	7,087	4,906	6,191					
Six years later	4,411	6,064	7,494	4,924						
Seven years later	4,424	6,065	7,589							
Eight years later	4,426	6,108								
Nine years later	4,427									
5. Re-Estimated Ceded Losses & Expenses										
	724	217	8,807	1,277	123	3,199	2,700	234	408	837
6. Re-estimated net incurred claims and expenses:										
End of policy year	5,041	5,648	5,727	4,994	5,470	7,047	5,764	5,395	8,106	9,068
One year later	4,946	5,364	6,783	4,320	5,052	7,640	5,735	6,214	6,605	
Two years later	4,788	5,975	8,144	4,755	5,448	7,340	7,320	5,668		
Three years later	4,509	6,500	9,075	4,858	6,220	6,470	9,868			
Four years later	4,521	6,288	8,473	4,976	6,918	6,262				
Five years later	4,486	6,142	8,295	5,065	6,753					
Six years later	4,440	6,107	7,671	5,000						
Seven years later	4,480	6,169	7,589							
Eight years later	4,486	6,108								
Nine years later	4,486									
7. Increase (decrease) in estimated net incurred claims and expenses for end of the policy year										
	282	651	1,944	186	1,485	(377)	4,625	820	(1,140)	



2629 12th Court SW | Olympia, WA 98502
(360) 786-1620 | www.wstip.org